GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

STARRED QUESTION NO:568
ANSWERED ON:30.04.2003
RETRENCHMENT OF PSU EMPLOYEES
BIR SING MAHATO;RATNA SINGH

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the disinvestment process had led to deprivation of jobs of the employees;

(b) if so, whether a large number of disinvested Public Sector Undertakings have retrenched a certain percentage of their employees from jobs;

(c) if so, the details thereof;

(d) the reasons for retrenching such a large number of employees despite assurance given by the Government with regard to their job security;

(e) the provision made to ensure that the employees are not deprived of their jobs while following the disinvestment process; and

(f) the number of employees deprived of their jobs due to disinvestment during the last two years and the role played by the Government in providing job security to the employees in the wake of disinvestment?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE):

(a) The experience, so far, shows that disinvestment cannot be directly related to unemployment. There was a net reduction in employment in Public Sector Undertakings from a level of 2.179 million employees in 1991-92 to a level of 1.806 million in 1999-2000, even before disinvestment through strategic sale commenced. In comparison, the loss of employment in disinvested companies has been much less while in some cases it has increased through fresh recruitment. Major expansion plans have been set afoot in disinvested enterprises such as BALCO; these will make the enterprises more competitive and thereby provide the best guarantee of continued employment; they are also the one sustainable way of ensuring expansion of employment.

(b) to (d) It is not a fact that a large number of disinvested Public Sector Undertakings have retrenched employees. However, Government has lately been informed of retrenchment of 115 employees in one case of disinvestment namely that of Hotel Grand Ashok, Bangalore. The matter is now before the Labour Department of Government of Karnataka on a petition moved by the employees.

(e) and (f) Protection of employees` interest is an integral part of the disinvestment policy. Adequate provisions are typically made in the Transactions Agreements, executed as a part of strategic sale, to ensure that there is no retrenchment of employees for one year after disinvestment and even thereafter separation is possible only under the Voluntary Retirement Scheme as applicable under DPE guidelines or the Voluntary Retirement Scheme which was prevailing in the company prior to disinvestment whichever is more beneficial for the employees. Government intervenes in case of complaints by employees in this regard post-disinvestment. The data compiled for the last two years indicate that for eight disinvested companies and ten hotels of ITDC and one hotel of Hotel Corporation of India, against an initial employment level of 41,134 at the time of disinvestment, there was a total attrition of 2,801 employees, while 921 employees have been recruited. Therefore, the net loss in employment was 1880, which is around 5% of employment at the time of disinvestment, of which 584 were on account of retirement and resignation and 1761 through VRS. In the case of CMC there has been a net addition in employment of 425 against the employees strength of 3119 at the time of disinvestment.